

ROUTING

**Top Secret** 217

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NATIONAL INTELLIGENCE DAILY CABLE

Tuesday April 26, 1977

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NATIONAL SECURITY INFORMATION

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National Intelligence Daily Cable for Tuesday, April 26, 1977.

The NID Cable is for the purpose of informing senior US officials.

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ETHIOPIA: Situation Report

25X1 [ ] Discussions yesterday between the US charge and Ethiopian Foreign Minister Feleke in Addis Ababa on details for the withdrawal of US personnel ended on a generally positive note. Chances for an untroubled departure could be undermined by the regime's uncertain internal communications and bureaucratic inefficiency.//

25X1 [ ] Feleke said strongman Mengistu had issued specific orders to safeguard US citizens and their property. He stated that the government will permit the removal by the US of all classified equipment and documents. Despite these assurances, the government's intentions are unclear with regard to documents and equipment at Kagnew and the consulate at Asmara.

25X1 [ ] On the proposal of the foreign minister, a US-Ethiopian joint commission to facilitate an orderly withdrawal is to be established. The commission will have direct liaison with the Ethiopian defense, foreign affairs, and other ministries.

25X1 [ ] //The Ethiopian government last night agreed to extend tomorrow's evacuation deadline for some of the US personnel involved. Three members of the US Military Assistance Advisory Group, one US Information Service staffer, and two members of the US naval medical research unit will be permitted to stay until the end of the month.

25X1 [ ] Others, including employees of the US consulate and the Kagnew communications complex in Asmara, are supposed to leave by tomorrow, although the Ethiopian government has implied it will not be rigid on the matter. The government's restrictions on US citizens assigned to Kagnew have been lifted, allowing them to prepare for departure. The government has also agreed to facilitate the exit documentation and shipment of personal effects, after a customs inspection, for the departing US citizens. [ ]

SPAIN: Suarez to Run

25X1 [ ] *Spanish Prime Minister Suarez, after several months of vacillation, has decided to run in the legislative election in June. His decision, which has not yet been made public, will expose him to accusations of using the Prime Ministry to strengthen his political base in the next parliament, but it will give the fragmented center a much-needed boost.*

25X1 [ ] Suarez had planned to make the announcement last Saturday during a televised speech to the nation. Deputy Prime Minister Osorio told the US ambassador yesterday that Suarez decided to postpone the address because he had learned that the rightist Popular Alliance was preparing to launch a strong attack on his candidacy and he wanted to wait until he returned from his visit to Mexico and the US this week so he could defend himself in person.

25X1 [ ] Suarez' political intentions have become a major issue in Spain now that the furor over the legalization of the Communist Party has died down. The left and the right both oppose his candidacy, fearing that his broad popularity would significantly strengthen the center at their expense. They charge that it would be unfair for him to use the advantage of his office to promote centrist parties that are likely to form the base for his majority in the next parliament.

25X1 [ ] Suarez is not obliged to run for the legislature in order to remain prime minister. He serves at the pleasure of the King and Council of the Realm and will almost certainly be retained after the election.

25X1 [ ] The Prime Minister's reluctance to provide the right with another campaign weapon--his legalization of the Communists earlier this month has benefited the rightist Popular Alliance--has apparently been overridden by concern over fragmentation of the center and recent gains by the right. Suarez intends to counter criticism by limiting his personal appearances and conducting the campaign through an intermediary. According to Osorio, Minister of Public Works Calvo-Sotelo, who resigned his cabinet post on Saturday, will fill this role. [ ]

ROMANIA: Goma Arrest

25X1 [ ] *Author Paul Goma--the central figure in the small Romanian dissident community--may soon be tried for endangering state security, according to dissident sources in Bucharest. The decision to prosecute Goma would be detrimental to Romania's foreign policies and to President Ceausescu's hopes to improve relations further with the US.*

25X1 [ ] Goma was arrested early this month and is probably being held by the secret police in Bucharest. The plans to prosecute Goma follow his recent expulsion from the Romanian Writers' Union and the reported relocation of his family to another section of Bucharest--possibly to separate them from old acquaintances.

25X1 [ ] Goma's trial would be the most dramatic departure to date from the regime's generally flexible tactics toward dissidents. Ceausescu's outbursts against dissidents in late February were balanced by relative tolerance and official hints that some of those wishing to leave the country could do so.

25X1 [ ] The regime's move against Goma and other political and religious dissidents has been accompanied by violent anti-emigration and anti-Western propaganda.

25X1 [ ] In the absence of visible Soviet pressure on Romania, the propaganda and strict measures against Goma and others may be due to Ceausescu's anger with the attention given to Romanian dissidents by Western media, including Radio Free Europe.

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## ZAIRE: Situation Report

*[redacted] The Zairian counteroffensive, now in its second week, is moving slowly toward Mutshatsha, which may already have been abandoned by the Katangans. We cannot confirm press reports that Mutshatsha has been retaken. Zairian and Moroccan troops have met only scattered resistance; some press reports claim that government forces have clashed with Katangans only twice since the drive began.*

25X1 [ ] Last weekend, government forces reached the Lubudi River, about 25 kilometers east of Mutshatsha, where the retreating Katangans partially destroyed the road bridge. The rail bridge was left intact.

25X1 [ ] Zairian military engineers have apparently repaired the bridge and some government troops have crossed it. Efforts to move further west as well as to resupply by road from Kolwezi, however, may be hampered by poor weather.

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[ ]

25X1 [ ] The US embassy described President Mobutu's visit to Kolwezi last weekend as successful. Press reports indicate, however, that the villages along the President's route to the front were deserted, underscoring other reports that there is little sign of civilian activity in the operational area.

25X1 [ ] The local population is probably abandoning its villages in fear of reprisals by government troops. Instances of brutality and pillaging already have been noted, and government authorities have ordered troops involved in the counteroffensive not to destroy villages. Even so, some 500 Zairian refugees, apparently from Mutshatsha, are reported to have crossed into Zambia.

25X1 [ ] The US ambassador, trying to look beyond the current situation, concludes that the Shaba invasion calls into question whether President Mobutu is capable of pursuing fundamental economic and political reforms.

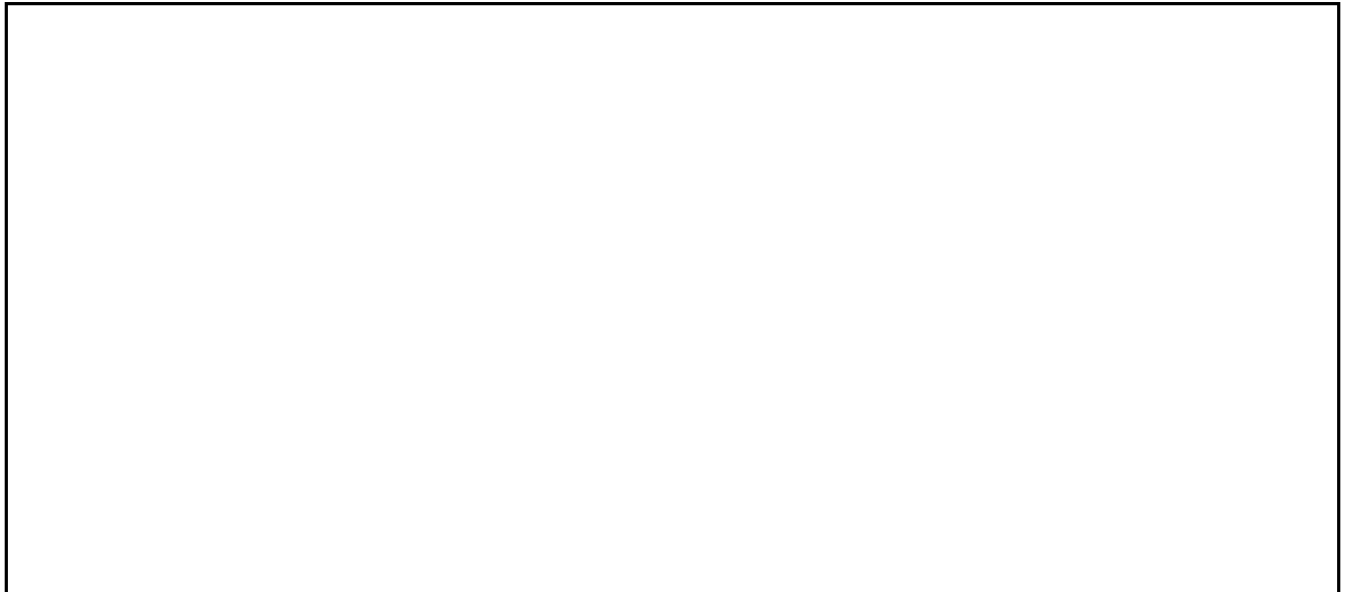
25X1 [ ] The ambassador believes that the long-run political and economic implications of the invasion seriously diminish the chances of reform. The conflict may also lead to decreased availability of much of the external resources required to bridge Zaire's short-term financial gap. The ambassador foresees



economic malaise over the next two years. This implies greatly increased chances of severe internal security measures and political instability.

[ ] Of the numerous conceivable twists and turns ahead, the ambassador believes at least three merit consideration:

- Mobutu with reform. The domestic forces unleashed by the invasion could be exploited by reformers within the regime to remove Mobutu from daily decision making by imposing a strong prime minister. This official could then grant sufficient regional autonomy to meet the minimal demands of the Katangans and other regional groups and proceed with the creditor-imposed economic stabilization plan. Under the best of these circumstances, Zaire might find itself on the brink of economic recovery in 1979. Its economy, however, would be precarious, and the reform leadership might well find the tough stabilization policies demanded by the International Monetary Fund politically unacceptable. Conflicting pressures between demands for economic austerity and the demands of workers would probably lead to greater political instability.
- Mobutu without reform. Mobutu may be able to crush the reform effort, relying on foreign forces to contain the invasion and on increasingly repressive security measures to keep himself in power. The invasion would then become a costly and protracted insurgency, rendering compliance with monetary guidelines impossible; international creditors would become unwilling to make the effort required to keep Zaire afloat. In these circumstances, the chances for political instability increase greatly.
- Zaire without Mobutu. Mobutu could be overthrown, which would usher in a new phase of instability characterized by power struggles among rival factions. The new ruling elite might be unable or disinclined to provide a framework for the implementation of the economic stabilization plan. In this, as in the other two scenarios, the average Zairian would bear the brunt of continued economic crisis, political instability, and severe internal security measures. [ ]



CANADA: Canadian Perspectives

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[REDACTED] //The Daily today presents the first in a series of articles examining the points of view of the major developed countries that will participate in the London Economic Summit on May 7 and 8.//

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[REDACTED] //Canada clearly hopes that the economic summit will make substantive progress on stimulating world trade and on dealing with oil-related balance-of-payments problems. Without concrete progress on these issues, Prime Minister Trudeau will gain little political capital at home and could face added pressure to shift his economic policies from curbing inflation to boosting the sluggish pace of recovery.//

25X1

[REDACTED] //Trudeau, while concerned with global economic issues, has had little time to deal with them in recent months because of domestic political and social problems. The unexpected victory of the separatist Parti Quebecois in Quebec last November has severely complicated federal-provincial relations. The government has been groping for a strategy to cope with the separatists largely at the expense of dealing with economic problems. Trudeau's failure so far to deal effectively with the separatist threat has seriously undermined his political credibility.//

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[ ] //At the moment, Canada's hopes for getting back on a faster recovery path while keeping inflation in check depend heavily on an increase in demand in industrial countries for Canadian exports. With a large current-account deficit, Canada supports the view that countries with deficits should pursue slow domestic growth policies, while countries with current-account surpluses should stimulate their economies as rapidly as is consistent with controlling inflation.//

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[ ] //Canada's views on current efforts to liberalize international trade reflect its role as a major trading country and a leading commodity exporter. Its main objectives at the Multilateral Trade Negotiations and other international negotiations are to reduce tariff and nontariff barriers on processed raw materials and to improve access in foreign markets for Canadian manufactured goods. Canada is supporting a general tariff reduction formula but is skeptical that it can work. Consequently, it has pushed hard for linking foreign concessions on manufactures to Canadian supply guarantees for raw materials. Canada also wants to pursue producer-consumer talks on linking wheat price stabilization with the formation of international buffer stocks.//

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[ ] /Trudeau will give the US strong support on policies promoting energy conservation. Also facing a growing energy trade deficit, Canada plans to reduce its dependence on imported oil to a third of domestic needs by 1985. The government already is planning to slow energy consumption growth through a combination of mandatory conservation standards, tax incentives, and gradually rising prices. It is having difficulty, however, implementing policies necessary to meet its target; disputes over federal-provincial control of energy resources and disagreement over tax and pricing policies are blocking more rapid development of domestic resources.//

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[ ] //Canada also firmly endorses the US position on nuclear nonproliferation. It has recently suspended exports of uranium in an effort to persuade foreign buyers of Canadian uranium, nuclear reactors, and nuclear technology to sign safeguard agreements giving Canada much greater control over the use and transfer of Canadian-supplied materials.//

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[REDACTED] //On international financial issues, Canada is a strong supporter of arrangements for countries with oil-related balance-of-payments problems and would probably be willing to contribute more. It wants assistance given, however, only after all other sources of financing, including private credits, are exhausted. Ottawa would prefer to link assistance to recipient government efforts to curb inflation.//

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[REDACTED] //Canada is sympathetic to some of the trade demands made by the developing countries because concessions on processed raw materials would also benefit Canada. It generally favors agreements aimed at stabilizing international prices of industrial and agricultural commodities, but would probably support only a very limited common financing arrangement for buffer stocks. Complaints from several Canadian industries have made Ottawa reluctant to move rapidly on the issue of wider access to domestic markets for developing countries' manufactured goods. [REDACTED]

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